



FOR IMMEDIATE RELEASE
October 19, 2007

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SENATORS AIM TO EXTEND, EXPAND TAX CREDIT FOR R&D
Hatch, Baucus Introduce Research Credit Improvement Act

Washington – Sen. Orrin G. Hatch (R-Utah) and Senate Finance Committee Chairman Max Baucus (D-Mont.) today introduced the Research Credit Improvement Act, a bill to extend and expand the tax credit currently offered to companies to encourage increased spending for research and development. Extending the credit can help the U.S. economy develop new technologies to enhance existing capital inputs and increase workers productivity. The result will be a stronger economy at home, and a more competitive nation abroad.

“Extending the research credit is an important step for the future economic growth of the United States,” Hatch said. “Utah is a prime example of how state economies benefit from the research credit. Utah is home to various firms that invest a high percentage of their revenue in R&D. Utah's high-tech industries employ more than 62,000 workers, with average pay that is 66 percent higher than the statewide average non-agricultural wage. About 3,000 of these jobs were added in the past year. If we don't continue cultivating the technology of tomorrow, we will miss out on the future.”

“The research and development credit is all about fostering American competitiveness. Simply, this bill will create and sustain jobs in America,” said Baucus. “During the 1990s, about 400 Montana businesses provided high-technology services. Jobs at those companies paid nearly 80 percent more than the average private sector wage. Many of these jobs would never have been created without the assistance of the R&D credit, so it's vital to extend this economic opportunity to more businesses and workers nationwide.”

Since its enactment in 1981, the research tax credit has become a powerful and effective incentive for firms to increase research spending. The national R&D Credit Coalition has endorsed the Hatch-Baucus bill. If enacted, it would permanently extend the credit and provide a stronger alternative simplified credit that addresses changes in business models and economic circumstances that prevent some businesses from getting full benefit of the credit.

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